

87 00097

SAN FRANCISCO

THE MAYOR'S ANNUAL "STATE OF THE CITY" REPORT



INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

UNIVERSITY OF CALIFORNIA



THE STATE OF THE CITY

A REPORT TO THE PEOPLE OF SAN FRANCISCO

Dear San Franciscans:

Late each year, San Francisco takes stock. The Mayor reports to the Board of Supervisors on "The State of the City."

This year, I am distributing that report in this form so all of you can judge for yourselves the true strength and health of our city—where we are and where we need to go.

This report is being made available at no expense to taxpayers, but from private contributions of hundreds of San Franciscans.

I believe our city is in good health today. Our economy is sound, our neighborhoods vigorous, our government solvent.

Unlike most cities, we're not cutting police, but putting more on the streets. We're not cutting the Muni Railway, but actually will be increasing service for the first time since Proposition 13. We're not closing libraries, but expanding them. We're not letting parks go to weed and dust, but actually adding parks and green space.

We are strong financially, and can plan prudently and responsibly for future repairs and better municipal services. A large capital program is being prepared to rejuvenate our streets, public buildings, and neighborhood parks.

Serious problems still exist—the scarcity and high cost of homes; and for the first time this summer, rising unemployment; and the needs of senior citizens and others snared in an unstable national economy.

San Francisco is a vital mosaic of people, of neighborhoods and of human needs. My vision for this city is a simple one, expressed in homes and jobs, efficient transportation, thriving businesses and a vital cultural life. It is safe streets, sunshine and greenery, parks, playgrounds and recreation.

These pages will give you some idea of how these objectives can, with your help, be achieved.

Sincerely,

Dianne Feinstein
Mayor

CONTENTS

ECONOMIC VITALITY	3
CITY FINANCES	3
EMPLOYMENT	4
PERSONAL SECURITY	5
HOUSING	6
SENIOR CITIZENS	6
MUNI	7
PORT	7

ECONOMIC VITALITY

Economic vitality is the key to enrichment of life in San Francisco. We have that now, and must protect it.

San Francisco must build upon its status as a headquarters city while maintaining the rich diversity of its broad business community. We must refuse to accept the loss of companies and jobs to suburban areas.

We must continue to work with employers in retraining our work-force to meet rapidly changing job needs. At the same time we must carefully monitor and control growth to prevent its encroachment on our neighborhoods and our bay, our views, and the quality of our lives.

Our future as the Gateway to the Pacific requires reaching out for trade, new markets and investments. Economic explosion is predicted around the Pacific Rim, and San Francisco is its natural hub.

Additionally, we must responsibly maintain the government's financial strength through more and more prudent management. We are doing that today. Working through the Mayor's Fiscal Advisory Committee, made up largely of top business leaders, we have forged a strong public-private partnership. It has saved an estimated \$43 million through more effective management of City departments.

If you take a long, hard look at San Francisco, you are likely to be struck, as I was, with how frequently the City is the exception to national trends.

Nationally, we are witnessing economic decline, both public and private, across the country. Yet overall San Francisco's economy remains robust, continuing a pattern of vigor and growth.

Nationally, retail sales are down and large stores have closed in some cities. Here, retail sales in the first six months of this year totalled \$2.75 billion—up 5.4 percent over 1981—according to Secur-

ity Pacific Bank. Although some stores have reduced employees, both neighborhood shopping areas and the downtown retail district seem to be holding their own.

TOURISM

Overall, tourism is down here 8 percent, and down nationally 9 percent. That picture is expected to brighten as convention business increases. Due largely to the first year of our great new Moscone Convention Center, attendance, so far, has risen 8.5 percent.

BILLION DOLLAR BOON

The dollar value of building permits has almost doubled that of last year—rising to \$1.01 billion from \$548 million, making this the first time ever that San Francisco construction has exceeded one billion dollars. However, the great bulk of this construction is in large projects.

In the neighborhoods, the construction and rehabilitation of homes and apartments is lagging. The number of residential permits has declined almost 50 percent this year, although their value climbed from \$85 million to \$109 million in the year ending in June, showing that our neighborhoods have been hit by the nation's economic downturn.

I have asked the City Planning Department to develop an "Index of Change" that would allow us to monitor neighborhood shopping areas for early warnings of changes affecting the vitality of commercial centers.

The Redevelopment Agency reports an all-time record: Nearly half a billion dollars in new construction in redevelopment areas of the City.

Downtown continues to prosper. A record 6.8 million square feet of office development is now under construction. Five million more square feet have been approved and another 8 million are under

review by the Planning Department. Vacancies have risen to 4 percent—forcing a decline in high rents, which is a good sign.

ORDERLY GROWTH

The increase in major construction clearly places a burden of responsibility on City planners to insure that growth is orderly and controlled and will enhance the lives of San Franciscans. We do not take that burden lightly.

Our Planning Department is preparing detailed proposals for rezoning neighborhood commercial areas to help re-

tain and restore the vitality of shopping areas. It also is working on downtown zoning, seeking to encourage future development in the South of Market to avoid robbing North of Market of sunshine and fresh air.

The downtown environmental impact report is finally expected early in 1983, and will set the stage for the careful control of future growth. It is a high priority and the public procedures must move ahead so that the necessary changes can be enacted as soon as possible.

CITY FINANCES: A Strong Surplus

The City's own finances have come a long way in this past year.

In the State of the City message last year I pledged to protect our budgetary margin of safety—"to guard zealously our ability to meet next year's obligations." We have done just that, and have increased the fiscal safety margin. We now have a reserve of \$152 million—of which \$80 to \$100 million will be needed to balance next year's budget.

I cannot help but recall the campaign rhetoric of the 1979 Mayor's race in which a \$120 million-plus deficit was predicted. Now, after three years of careful management, the City has a strong surplus, and we have begun to upgrade services where necessary:

- The Board of Supervisors has been asked to appropriate \$21 million of the surplus to purchase 67 buses to relieve overcrowding on the Muni Railway. This top priority project will be the largest expansion of our Muni fleet in recent years. And we will soon propose the
- Long range, we have asked the Mayor's Fiscal Advisory Committee to prepare a five-year revenue plan. That should provide us with early warnings of any financial gaps in the City's future.
- The Assessor reports the value of real and personal property in the City increased this year to \$23.4 billion. That is a rise of 15.5 percent, exceeding the statewide average of 11.8 percent. This strong value increase confirms the City's continued commercial dynamism, as new buildings are built and existing buildings attract new investors. It will generate \$35 million more in property tax revenues.
- The Treasurer reports City investments earned \$105 million—an amazing 45 percent increase.
- And the City proudly maintained the Standard and Poors and Moody's AA rating on bonds that was restored to us last year.

EMPLOYMENT: Jobs for San Francisco

One constant measure of a city's health and economy is employment—and, of course, unemployment. San Francisco's labor force is growing. We have 110,000 more jobs here today than ten years ago—a 25 percent increase from 455,000 jobs in 1972 to 565,000 now. In this fiscal year, we expect another 11,000 jobs. But these significant gains are clouded by the knowledge that 26,000 San Franciscans remain without jobs.

Our projected unemployment rate for this year is 7.3 percent—well below state and national levels, but still unacceptable. Because new jobs are being generated in our downtown areas, the rate is expected to drop to 7 percent in 1983. However, the seasonal rate jumped to 9.3 percent in August. This rate remains unadjusted and cannot be compared to national and state rates. But it sounds a warning bell.

Sadly, when the economy most cries out for help, federal job-related dollars are being cut. Federal funds for San Francisco job programs have been slashed two-thirds—from \$30 million last year to \$9 million next year.

But we intend to take up the challenge.

I have recently reconstituted the Private Industry Council to coordinate all City job training and job creation, and am very pleased that Neil Harlan, the Board Chairman of Foremost-McKesson, will lead this crucial effort—and that high ranking officials of our major corporate community will be working with him, along with leaders of labor and the neighborhoods. The council has been instructed to work closely with the school district,

the community college and other learning institutions to develop educational and training programs targeted to real jobs.

Seven out of ten new jobs created here will be in services and finance, insurance and real estate. And the so-called "new collar" jobs in

has resulted in 1,747 new jobs and retention of 995 in six major projects that will create a total of 6,655 jobs.

- San Francisco has led the state in issuing its first industrial development bond—for nearly \$4 million—and more are on the way. This first issue was to help

for small businesses. Three Urban Development Action Grants have brought \$8 million in federal loans for Ocean Beach Housing, Fillmore Center and North of Market housing.

- The City recently had its fourth Urban Development Action Grant approved—

"San Francisco's labor force is growing—we can expect another 11,000 jobs this year."

computers and advanced technologies are increasing in both number and complexity.

City departments have already done much to create jobs for San Franciscans:

- The Office of Economic Development's program linking loans to employment of San Franciscans

a small scientific instruments company to remain in San Francisco and expand its facilities in Hunters Point.

- The Small Business Administration approved the City's first low-interest debentures, along with 19 low-cost revolving fund loans

\$485,000 to help finance a \$3.8 million printing, reproduction and direct mail facility in India Basin for Merchandising Methods. That will generate eight new jobs a year for four years in addition to 107 existing jobs.



PERSONAL SECURITY: At home, and in the streets

At long last San Francisco has crime on the run.

Violent crime is down 10 percent and overall crime is down 6.1 percent.

The San Francisco Police Department is reaching its full strength for the first time in the City's history—1,971 officers. That is 331 more than we had two years ago. It means more police and more arrests: 17,000 more than last year, for an increase of 22 percent. Also, 22 percent more cases have been solved. Throughout the City, people are banding together through **Project SAFE** in major crime prevention efforts—and they are working—burglary is down by 30 percent in neighborhoods where **SAFE** is strongest, and 25 percent city-wide.

A special unit has been established to fight crime on the Muni and has made more than 11,500 arrests.

After some mistakes, crowd control methods have been reviewed and techniques improved to assure effective supervision.

San Franciscans have a right to expect quick action from their police. The average time of response city-wide is now 2¾ minutes, greatly reduced from three years ago when it was 8 minutes. This is how long it takes for a caller to get a squad car and help when he or she reports a crime in progress. We hope to reduce it



staff and full authority to review all civilian complaints against police officers.

"The Police Department is reaching its full strength for the first time in the City's History."

further and move our cars and officers even faster when the computer-assisted dispatch goes into effect shortly.

The Internal Affairs Bureau has been upgraded. Rigid new standards have been imposed and the Police Commission, made up of five persons from civilian life, has been given

Today, we have the highest minority participation in our department in history—31 percent minority and 7 percent women.

I would like to congratulate and thank all 1,971 men and women in this department—beginning with its fine Chief, Cornelius Murphy.

FIRE DEPARTMENT

We have a new Fire Chief: Emmet Condon. He is up from the ranks, respected throughout the department and known nationally as an expert on high-rise fires.

The department appears to be winning the war against its enemy number one: arson. Incendiary fires were reduced 17 percent to a low of 71. Fire fatalities were cut 25 percent, major alarms 21 percent, building fires 12 percent and false alarms 9 percent. The City's firefighters maintained their three-minute

response time, which held fires to the floor of origin 90 percent of the time—truly remarkable.

Now, the department is operating with its full manning schedule of 315 men on duty. This was made possible by settlement of its longstanding overtime suit with the Firemen's Union.

In addition, the department hired an affirmative action coordinator—and its first female member, a fire safety inspector.

HOUSING: Breakthroughs for low and moderate incomes

On the housing front, there are some encouraging strides to report, but we also have built-in problems to address.

Despite rising costs, record interest rates and a construction slump around the country, San Francisco will record 1,500 housing starts by the end of the year—nearly twice the level of the past two years. In addition, 525 vacant units are being rehabilitated in the old Harkness Hospital on the Panhandle and in the Herald Hotel in the Tenderloin.

INNOVATIVE PROGRAM

Much of this was made possible by the City's innovative Office Housing Production Program, which requires office space developers to provide housing for workers who live in San Francisco. Developers contributed \$17 million for construction of 900 housing units and the rehabilitation of 1,200. This has made possible the

now-completed rehabilitation of 450 units of vacant and vandalized Public Housing and the conversion of the Pink Palace to senior housing, which is proceeding on schedule.

MORTGAGE REVENUE BONDS

A \$60 million mortgage revenue bond has just been issued to finance 650 mortgages at the incredibly low rate of 10.9 percent for homes on 22 sites around the city for 650 low and moderate income families. Included are the long-dormant Wisconsin Street site on Potrero Hill, the surplus Farragut School site in the Ingleside and Marshall Annex in the Mission. These bonds combine \$5 million from three downtown office developers, with the bond moneys to fund shared-appreciation mortgages to reduce monthly payments. It is the first bond issue of this kind in the United States.

More than 700 family housing

units are now under construction here, including the 300-unit Northridge Cooperative in Hunters Point, and 2,500 low-income units are being rehabilitated.

It is clear our housing needs are increasing. City planners

are now evaluating re-zoning prospects that offer potential for improving the City's residential base. The South Beach area near the Bay Bridge, Rincon Hill and the Van Ness-South Van Ness corridor are prime candidates.



SENIOR CITIZENS

San Franciscans will always extend the warm hand of respect and dignity to senior citizens. Despite increasing cuts in federal funds, the City continues to maintain a full range of services for its senior citizens—including hot meals, housing, transportation, escort programs, home services and senior centers.

The object is to assure that seniors can live actively and independently in a safe environment. Loneliness in a big city can be pervasive, but our commitment is to retain seniors as full participants in the activities of our City and to see that no one is ignored in his or her need.

Many of San Francisco's 137,000 senior citizens parti-

cipate in our City's network of services for the elderly. About 34,500 received 965,000 nourishing meals through hot lunch programs at centers throughout the City. Some 3,700 shut-ins had meals delivered directly to their homes.

The one agency specifically charged with serving the elderly, the Commission on the Aging, has a strong, experienced new Executive Director, Joyce Ream. The agency distributes \$6 million to 41 agencies, which, in turn, receive additional funds from private sources and grants for a total of \$10 million this year to finance 71 individual programs.

The Senior Escort Service, now funded from the City budget as a civilian auxiliary of the Police Department, continues to give unexcelled service in escorting over 17 thousand seniors when they shop

or go to the bank or on other errands, sharply reducing the number of muggings, purse snatchings and other assaults. Many City departments provide other special services. The Health Department provides a range of health care services for some 50,000 seniors, while over 1,000 receive long-term care at Laguna Honda Hospital—one of the nation's foremost geriatric centers. The Department of Social Services provides in-home services to more than 5,000 seniors.

Low-cost housing for seniors remains an urgent priority. The Housing Authority already maintains 18 modern high-rise buildings with more than 1,300 units exclusively for senior residents. Another 450 units will be added with the renovation and conversion of the Pink Palace, which is now underway.



MUNI: 67 New Buses

We have launched an ambitious, five-year plan to expand and improve our Muni Railway, and an outstanding transit operations expert, Harold Geissenheimer, shown below,

has taken over as General Manager. He has pledged to make the system the best in the nation, and has the credentials to do it.

The Muni boards 264 million

riders a year. It carries more passengers per vehicle than any other large system. That may be cost-effective, but it means the Muni is horrendously crowded and more

often than not, uncomfortable for passengers. We must correct the situation as soon as possible, and my proposal to spend \$21 million to purchase 67 new Muni vehicles will be the first major step.

Our beloved cable cars have stopped running for now, but in 20 months they will return, after a \$58 million rehabilitation that renews the entire system.

We all owe great gratitude to the individuals and institutions who contributed and helped raise the \$10 million to match the \$48 million federal and state grants. This campaign is now but \$800,000 short of its goal.

We have recovered fully from the diesel breakdown of last October, and I now weekly review Muni maintenance figures to make certain that such a breakdown does not again plague us.

"...pledged to make the system the best in the nation."



THE PORT: Reborn

The rebirth of the Port of San Francisco is under full steam. For three straight years the Port has increased revenues, earnings and tonnage. This year, revenues are up 32 percent.

When I became mayor the Port was only \$190,000 in the black. Our Port was moribund and deteriorating. Today, the Port is \$5.6 million in the black. It is alive, well, and generating new business.

The new Bethlehem-Todd Shipyard agreement, I firmly believe, will bring big-time ship repair and shipbuilding to our Port, assuring hundreds of jobs for skilled craftworkers.

The key to big ship contracts is the U.S. Navy. Fleet Week, inaugurated last year and now an annual event of gleaming flotillas and magnificent bands, has revived the historic alliance between this City and the Navy.

As proof of that, the Navy recently informed us San

Francisco will soon be home port for a carrier battle group of 8 cruisers, one destroyer, a guided missile ship and four frigates. These 14 ships will bring 5,000 Navy personnel, about 2,000 dependents and

about 2,000 new civilian jobs to this area.

In the last year our Port has attracted two new shipping lines, and another has returned to us.



As a direct result of the City mission to China last fall, the China Ocean Shipping Company of the People's Republic selected San Francisco as its Bay Area base. COSCO began operations here in March.

Scan Pacific, a Finnish flag operator, moved to San Francisco last fall, and this year Evergreen Line returned with its Far East service.

In May, we officially opened our new passenger terminal at Pier 35. The next month, Holland American Cruises selected San Francisco as home port for its huge new luxury liner, the New Amsterdam.

Today our Port is capable of handling 25 percent of the Bay Area container cargoes. Healthy increases are projected, and the Port is planning to expand the San Francisco Container Terminal and Mission Rock to be ready for them.



C124886581

Bulk Rate
U.S. Postage
PAID
Permit No. 12231
San Francisco, CA

CAR-RT SORT **CR 32
SANDRA M LEISTER
525 10TH AVE
SAN FRANCISCO, CA 94118

THE STATE OF THE CITY

Mayor Dianne Feinstein

RECREATION AND PARKS

Golden Gate Park is literally blooming this year with a record number of flowering plants. Next year there will be even more as the Recreation and Parks Department continues its planting program. The reforestation that began two years ago is on schedule—assuring the park of rich tree life for generations to come. It is being implemented in all parks, citywide.

This year saw a vast rejuvenation of neighborhood parks, with renovations in 69 projects throughout the City. Seventeen more are in this year's budget.

Work will start soon on a new park in the Tenderloin and in Little Hollywood in the south-east section of the City. The zoo continues to improve, and animal lovers are coming in greater numbers. The Gorilla World is widely acclaimed, the historic Lion House renovated, and a great new Primate Center is under construction.

LIBRARIES

Our libraries have entered a new era of high quality and service. The main library and seven new superbranches are open seven days a week—the first time in history every branch is open every day. And book collections have been doubled through a 30 percent, \$2.6 million budget increase.

SCHOOLS

A decade ago, the State School Superintendent branded San Francisco schools an embarrassment. Few disagreed. Today, the State is boasting about San Francisco schools, and so can we.

Students are making strides in improving their skills. This year, district students raised their verbal SAT scores by 14 percent. More than half those

who entered their senior year in high school tested at the college sophomore level. And scores in both reading and mathematics have surpassed State predictions for urban school districts.

PARKING

The Parking Authority this year has 1,657 more spaces on the way in six new neighborhood and downtown facilities. Five more projects are planned.

Mayor's view of The City, 1982

ONCE IN A WHILE the thought occurs to us that Mayor Edward Koch of New York City may have run for governor, not under the spur of ambition or a burning desire to live in Albany, but to get away from the Big Apple's fiscal disaster.

New York faces a \$1.1 billion deficit this year, a fact that Mayor Feinstein was careful to note in her State of the City message Tuesday. She pointed out, with forgivable satisfaction, that San Francisco, by contrast, is enjoying budget reserves of \$150 million.

Of course, she is receiving a good deal of advice on what to do with all those bundles of money lying around the city treasury. Some of it comes from former Mayor George Christopher, who proposes spending \$60 million, under certain conditions, to put a dome on Candlestick Park. Realization of that idea lies a long way down the road — so far, in fact, as to be out of sight, but the suggestion is a timely reminder of the virtues of pay-as-you-go financing.

Feinstein told the supervisors that \$80 to \$100 million of that reserve money would be needed to balance the 1983-84 budget. At this point in her message she could not resist the healthy impulse to "recall the campaign rhetoric of the 1979 mayor's race in which a \$120 million-plus deficit was predicted." Board President Quentin Kopp, a political rival of Feinstein's, undoubtedly did not fail to draw the correct inference.

As for the \$60 million or so available, the mayor is wise not to support its return as a one-time-only bonanza to the taxpayers. It should be used as she stated: "A large capital improvement program is being prepared to rejuvenate streets, sidewalks and neighborhoods."

There was nothing Pollyanna-ish about the mayor's report, but much of it was upbeat, and understandably so. She said, "We are witness-

ing economic decline across the country, (but) overall San Francisco's economy remains robust." As the most stunning instance, retail sales here in the first six months of 1982 are up 5.4 percent. This is in vivid contrast to the national pattern.

On the negative side, residential and commercial building permits are off sharply. The number of residential permits alone has declined 50 percent, although their value has increased more than 20 percent over last year's. Downtown construction is not doing too badly, and, as a result, the office vacancy rate has grown from near-zero to 4 percent. If the proper market forces come into play, higher vacancy rates should result in lower rents, which are badly needed to avert a business exodus.

The new Moscone Center has increased convention business, but tourist trade is down. The projected unemployment rate for this year is 7.3 percent — three points below the national average, but still too high and one mark of the importance of tourist business to the local job market.

★ ★ ★

One more point: The mayor has reconstituted the Private Industry Council "to coordinate all city job-training and job-creation." This is only one area in which corporate San Francisco has contributed its expertise with resulting benefit to The City.

Few if any mayors of other cities of this size can, in this time of recession, sum up an annual report as Feinstein did: "Our city's economy is sound, our neighborhoods vigorous and our government solvent." San Franciscans should be thankful that they are not sharing the bleakness and unemployment of most municipal citizens in this nation, and they should be careful about contemplating any radical changes in this favored city.

San Francisco Examiner

FOUNDED 1865

Randolph A. Hearst
PRESIDENT

Editorials